



OFFICE OF THE PRESIDENT

P.O. Box 942701

Sacramento, CA 94229-2701

Telecommunications Device for the Deaf - (916) 795-3240

(916) 795-3932 , FAX (916) 795-3410

March 10, 2009

The Honorable Henry Waxman
Member of Congress
2204 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Waxman:

On behalf of the California Public Employees' Retirement System (CalPERS), which represents over 1.6 million California public employees, retirees and their families, we write to applaud your continued leadership to bring safe, effective, and more affordable generic biopharmaceuticals to millions of Americans. Your bipartisan legislation, *"The Promoting Innovation and Access to Life-Saving Medicines Act,"* achieves a balance between incentives for innovation and the competition that is required to reduce costs for patients and purchasers such as CalPERS. We are pleased to endorse your legislation and look forward to working with you to achieve its passage.

At a time when the nation is rightly focused on the need to find ways to constrain costs and ensure quality, affordable coverage for every American through long overdue health reforms, the legislation you are introducing could not be more timely. We were pleased to note that President Obama included a proposal in his recent budget proposal that seems to be completely consistent with the policy you are introducing. We believe your bipartisan legislation sends an important and welcome signal that the time to act to establish a biogeneric pathway has come.

As you know, CalPERS is the largest purchaser of public employee health benefits in California and the second largest public purchaser in the nation after the federal government. This year, CalPERS will spend more than \$5.7 billion to purchase health benefits for nearly 1.3 million active and retired state and local government public employees and their family members. Of that amount, CalPERS will spend over \$1.15 billion on our members' prescription drugs. CalPERS strongly supports legislation designed to help improve quality of care and slow the rate of growth in health care costs.

In 2007, you invited Priya Mathur, a member of the CalPERS Board of Administration to testify on this important issue before your Committee on Oversight and Government Reform. She testified that "The high cost of biopharmaceutical products presents an unsustainable challenge to CalPERS and to our entire health care system." In 2007, despite representing less than one percent of all CalPERS prescriptions, specialty drugs represented ten percent of our spending. Our experience shows that improving access to generic drugs dramatically reduces health care costs. We believe that this would be particularly true in the growing field of biopharmaceuticals.

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Thanks to the significant scientific advances made in the biotechnology industry, the science exists for the Food and Drug Administration (FDA) to establish a pathway that will enable them to ensure the safety and efficacy of biogenerics. Your bill creates a pathway that will operate efficiently and effectively, ensure the safety and efficacy of biogenerics, and produce consistent and timely reviews so that consumers can obtain the benefit of a robust and competitive pharmaceutical market.

For CalPERS, the safety and health of our members comes first in any decision we make about any policy. We strongly support your legislation which appropriately gives FDA clear authority to use its expertise to review and, where appropriate, approve both biosimilar and interchangeable biogenerics. We also share your goal that the FDA is best positioned to determine what testing is needed to approve biosimilar and interchangeable biological alternatives, and that they continue to assure the safety of all prescription drug products. Furthermore, we support the exclusivity periods included in the bill which are based on those in the current Hatch-Waxman law.

CalPERS believes that safe and effective biogenerics will bring billions of dollars of savings to consumers, state and federal governments and the health care community. We urge you to include the "Access to Life Saving Medicine Act" in this year's health care reform legislation.

CalPERS is proud and honored to add our support to the growing list of workers, seniors, patient groups, businesses, health plans, health care providers, pharmacy benefit managers and countless others who support your legislation to open the door to biogeneric competition. We thank you for your leadership and look forward to supporting your efforts on this and other reforms to improve quality, expand access and enhance value within the health care system.

Sincerely,

ROB FECKNER
President, CalPERS Board of Administration

ANNE STAUSBOLL
Chief Executive Officer

cc: The CalPERS Board of Administration
Executive Staff